

## FCC Form 481 - Carrier Annual Reporting

REDACTED FOR  
Data Collection FormTO PROTECTIVE ORDER IN WC DOCKET NOS. 10-90-07  
05-337, 03-109, 14-58 CC DOCKET NO. 01-92, 96-456-01  
DOCKET NO. 09-51, WT DOCKET NO. 10-208, BEFORE

PUBLIC INSPECTION

THE FEDERAL COMMUNICATIONS COMMISSION

<010> Study Area Code	290571
<015> Study Area Name	MILLINGTON TEL CO
<020> Program Year	2016
<030> Contact Name: Person USAC should contact with questions about this data	John Strode
<035> Contact Telephone Number: Number of the person identified in data line <030>	8703362345 ext.
<039> Contact Email Address: Email of the person identified in data line <030>	John.Strode@RitterCommunications.com

## ANNUAL REPORTING FOR ALL CARRIERS

54.313  
Completion  
Required54.422  
Completion  
Required

(check box when complete)

<100> Service Quality Improvement Reporting	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<200> Outage Reporting (voice)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<210> <input type="text"/> <-- check box if no outages to report		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<300> Unfulfilled Service Requests (voice) <input type="text"/>		<input type="checkbox"/>	<input type="checkbox"/>
<310> Detail on Attempts (voice)	<div>(attach descriptive document)</div>	<input type="checkbox"/>	<input type="checkbox"/>
<320> Unfulfilled Service Requests (broadband) <input type="text"/>		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<330> Detail on Attempts (broadband)	<div>(attach descriptive document)</div>	<input type="checkbox"/>	<input type="checkbox"/>
<400> Number of Complaints per 1,000 customers (voice)			
<410> Fixed <input type="text"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<420> Mobile <input type="text"/>			
<430> Number of Complaints per 1,000 customers (broadband)		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<440> Fixed <input type="text"/>			
<450> Mobile <input type="text"/>			
<500> Service Quality Standards & Consumer Protection Rules Compliance	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<510> <div>290571tn510.pdf</div>	(attached descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<600> Functionality in Emergency Situations	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<610> <div>290571tn610.pdf</div>	(attached descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<700> Company Price Offerings (voice)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<710> Company Price Offerings (broadband)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<800> Operating Companies and Affiliates	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<900> Tribal Land Offerings (Y/N)? <input type="radio"/> <input checked="" type="radio"/>	(if yes, complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<1000> Voice Services Rate Comparability Certification	<input type="text"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<1010> <div>290571tn1010.pdf</div>	(attach descriptive document)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<1100> Certify whether terrestrial backhaul options exist (Yes or No) <input checked="" type="radio"/> <input type="radio"/>	(if not, check to indicate certification)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<1110>	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<1200> Terms and Condition for Lifeline Customers	(complete attached worksheet)	<input type="checkbox"/>	<input checked="" type="checkbox"/>

## Price Cap Carriers, Proceed to Price Cap Additional Documentation Worksheet

Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

<2000>	(check to indicate certification)	<input type="checkbox"/>	<input type="checkbox"/>
<2005>	(complete attached worksheet)	<input type="checkbox"/>	<input type="checkbox"/>

## Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet

<3000>	(check to indicate certification)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<3005>	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>

(100) Service Quality Improvement Reporting  
Data Collection Form

FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	290571
<015>	Study Area Name	MILLINGTON TEL CO
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data John Strode	
<035>	Contact Telephone Number - Number of person identified in data line <030> 8703362345 ext.	
<039>	Contact Email Address - Email Address of person identified in data line <030> John.Strode@RitterCommunications.com	
<110>	Has your company received its ETC certification from the FCC? If your answer to Line <110> is yes, do you have an existing	<input checked="" type="radio"/> (yes / no)
<111>	year plan" filed with the FCC?	<input type="radio"/> (yes / no)

If your answer to Line <111> is yes, then you are required to file a progress report, on line <112> delineating the status of your company's existing § 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.

<112> Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(1). If your company is a CETC which only receives frozen support, your progress report is only required to address voice telephony service.

290571tn112.pdf

Name of Attached Document

Please select the appropriate responses below (Yes, No, Not Applicable) to confirm that the attached document(s), on line 112, contains a progress report on its five-year service quality improvement plan pursuant to §54.202(a). The information shall be submitted at the wire center level or census block as appropriate.

<113>	Maps detailing progress towards meeting plan targets	Yes
<114>	Report how much universal service (USF) support was received	Yes
<115>	How much (USF) was used to improve service quality and how support was used to improve service quality	Yes
<116>	How much (USF) was used to improve service coverage and how support was used to improve service coverage	Yes
<117>	How much (USF) was used to improve service capacity and how support was used to improve service capacity	Yes
<118>	Provide an explanation of network improvement targets not met in the prior calendar year.	Not Applicable





[illegible]

**(800) Operating Companies  
Data Collection Form**

0> Study Area Code

.5> Study Area Name

Program Year

00> Contact Name - Person USAC should contact regarding this data

15> Contact Telephone Number - Number of person identified in data line <030> 8703362345 ext.

Q>	Contact Email Address	Email Address of person identified in data line <030>

0> Reporting Carrier

1> Holding Company E. Ritter Communications Holdings, Inc.

2> Operating Company

<813>

<a1>

## Affiliates

<a2>

**SAC**

va3^

## Doing Business As Company or Brand Designation

- |       |  |
|-------|--|
| <921> | Needs assessment and deployment planning with a focus on Tribal community anchor institutions. |
| <922> | Feasibility and sustainability planning;   |
| <923> | Marketing services in a culturally sensitive manner;   |
| <924> | Compliance with Rights of way processes  |
| <925> | Compliance with Land Use permitting requirements   |
| <926> | Compliance with Facilities Siting rules  |
| <927> | Compliance with Environmental Review processes   |
| <928> | Compliance with Cultural Preservation review processes   |
| <929> | Compliance with Tribal Business and Licensing requirements.                                    |

(1100) No Terrestrial Backhaul Reporting  
Data Collection Form

FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	290571
<015>	Study Area Name	MILLINGTON TEL CO
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	John Strobe
<035>	Contact Telephone Number - Number of person identified in data line <030>	8703362345 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	John.Strobe@RitterCommunications.com

<1120> Please confirm whether terrestrial backhaul options exist within the supported area pursuant to § 54.313(g) (Yes, No).

<1130> Please select the appropriate response (Yes, No, Not Applicable) to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(g).



<b>(1200) Terms and Condition for Lifeline Customers</b>	
<b>Lifeline</b>	FCC Form 481
<b>Data Collection Form</b>	OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013

<010>	Study Area Code	290571
<015>	Study Area Name	MILLINGTON TEL CO
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	John Strode
<035>	Contact Telephone Number - Number of person identified in data line <030>	8703362345 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	John.Strode@RitterCommunications.com

<1210>	Terms & Conditions of Voice Telephony Lifeline Plans	<div>290571tn1210.pdf</div>	Name of Attached Document
<1220>	Link to Public Website	HTTP	

"Please check these boxes below to confirm that the attached document(s), on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

<1221>	Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers,	<input checked="" type="checkbox"/>
<1222>	Details on the number of minutes provided as part of the plan,	<input checked="" type="checkbox"/>
<1223>	Additional charges for toll calls, and rates for each such plan.	<input checked="" type="checkbox"/>

(2000) Price Cap Carrier Additional Documentation		FCC Form 481	
Data Collection Form		OMB Control No. 3060-0986/OMB Control No. 3060-0819	
Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers			
<010>	Study Area Code	230571	
<015>	Study Area Name	WILLINGTON TEL CO	
<020>	Program Year	2016	
<030>	Contact Name - Person USAC should contact regarding this data	John Strobe	
<035>	Contact Telephone Number - Number of person identified in data line <030>	8703362345 ext.	
<039>	Contact Email Address - Email Address of person identified in data line <030>	JOHN.STROBE@KITTELCOMMUNICATIONS.COM	

Select the appropriate responses below (Yes, No, Not Applicable) to note compliance as a recipient of Incremental Connect America Phase I support, frozen High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e). The information reported on this form and in the documents attached below is accurate.

Incremental Connect America Phase I reporting

<2010>	2nd Year Certification {47 CFR § 54.313(b)(1)i}	
<2011a>	3rd Year Certification {47 CFR § 54.313(b)(1)ii}	
<2011b>	Attachment {47 CFR § 54.313(b)(1)ii}	

Price Cap Carrier Receiving Frozen Support Certification {47 CFR § 54.312(a)}

<2012>	2013 Frozen Support Calculation {47 CFR § 54.313(c)(1)}	
<2013>	2014 Frozen Support Calculation {47 CFR § 54.313(c)(2)}	
<2014>	2015 Frozen Support Calculation {47 CFR § 54.313(c)(3)}	
<2015>	2016 and future Frozen Support Calculation {47 CFR § 54.313(c)(4)}	

Price Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)}

<2016>	Certification Support Used to Build Broadband	
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Connect America Phase II Reporting {47 CFR § 54.313(e)}

<2017>	3rd year Broadband Service Certification	
<2018>	5th year Broadband Service Certification	
<2019>	Interim Progress Certification	
<2020>	Please check the box to confirm that the attached document(s), on line 2021, contains the required information pursuant to § 54.313 (e)(3)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.	

<2021>	Interim Progress Community Anchor Institutions	
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Name of Attached Document(s) Listing Required Information

REDACTED - FOR  
(3000) Rate of Return Carrier Additional Documentation  
PUBLIC INSPECTION  
Data Collection Form

DOCKET NO. 09-51, WT DOCKET NO. 10-208, BEFORE  
ELECTRONIC ARBITRATION  
THE FEDERAL COMMUNICATIONS COMMISSION  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	290571
<015>	Study Area Name	MILLINGTON TEL CO
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	John Strode
<035>	Contact Telephone Number - Number of person identified in data line <030>	8703362345 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	John.Strode@RitterCommunications.com

CHECK the boxes below to note compliance on its five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47 CFR § 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

(3010)	Progress Report on 5 Year Plan Milestone Certification (47 CFR § 54.313(f)(1)(i))	Name of Attached Document Listing Required Information
(3011)	Please check this box to confirm that the attached document(s), on line 3012 contains the required information pursuant to § 54.313 (f)(1)(ii), the carrier shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.	<input type="checkbox"/>
(3012)	Community Anchor Institutions (47 CFR § 54.313(f)(1)(ii))	<input type="checkbox"/>
(3013)	Is your company a Privately Held ROR Carrier (47 CFR § 54.313(f)(2))	<input type="checkbox"/>
(3014)	If yes, does your company file the RUS annual report	<input type="checkbox"/>
(3015)	Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)	<input type="checkbox"/>
(3016)	Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows	<input type="checkbox"/>
(3017)	If the response is yes on line 3014, attach your company's RUS annual report and all required documentation	<input type="checkbox"/>
(3018)	If the response is no on line 3014, Is your company audited?	<input type="checkbox"/>
(3019)	If the response is yes on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications	<input type="checkbox"/>
(3020)	Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows	<input type="checkbox"/>
(3021)	Management letter and audit opinion issued by the independent certified public accountant that performed the company's financial audit If the response is no on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:	<input type="checkbox"/>
(3022)	Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers,	<input type="checkbox"/>
(3023)	Underlying information subjected to a review by an independent certified public accountant	<input type="checkbox"/>
(3024)	Underlying information subjected to an officer certification.	<input type="checkbox"/>
(3025)	Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows	<input type="checkbox"/>
(3026)	Attach the worksheet listing required information	<input type="checkbox"/>

REDACTED FOR  
PUBLIC INSPECTION

(3000) Rate of Return  
Data Collection Form

Carrier Additional Documentation (Continued)

DOCKET NO. 09-51, WT DOCKET NO. 10-208, BEFORE  
THE FEDERAL COMMUNICATIONS COMMISSION  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	290571
<015>	Study Area Name	MILLINGTON TEL CO
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	John Strode
<035>	Contact Telephone Number - Number of person identified in data line <030>	8703362345 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	John.Strode@RitterCommunications.com

Financial Data Summary	
(3027) Revenue	
(3028) Operating Expenses	
(3029) Net Income	
(3030) Telephone Plant In Service(TPIS)	
(3031) Total Assets	
(3032) Total Debt	
(3033) Total Equity	
(3034) Dividends	

<b>Certification - Reporting Carrier Data Collection Form</b>	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010> Study Area Code	290571
<015> Study Area Name	MILLINGTON TEL CO
<020> Program Year	2016
<030> Contact Name - Person USAC should contact regarding this data	John Strode
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<039> Contact Email Address - Email Address of person identified in data line <030>	John.Strode@RitterCommunications.com

TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

<b>Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients</b>	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier: MILLINGTON TEL CO	
Signature of Authorized Officer: CERTIFIED ONLINE	Date 06/26/2015
Printed name of Authorized Officer: John Strode	
Title or position of Authorized Officer: VP External Affairs	
Telephone number of Authorized Officer: 8703362345 ext.	
Study Area Code of Reporting Carrier: 290571	Filing Due Date for this form: 07/01/2015
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

<b>Certification - Agent / Carrier Data Collection Form</b>	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010> Study Area Code	290571
<015> Study Area Name	MILLINGTON TEL CO
<020> Program Year	2016
<030> Contact Name - Person USAC should contact regarding this data	John Strode
<035> Contact Telephone Number - Number of person identified in data line <030>	8703362345 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	John.Strode@RitterCommunications.com

**TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:**

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) _____ is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent:	
Name of Reporting Carrier:	
Signature of Authorized Officer:	Date:
Printed name of Authorized Officer:	
Title or position of Authorized Officer:	
Telephone number of Authorized Officer:	
Study Area Code of Reporting Carrier:	Filing Due Date for this form:
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

**TO BE COMPLETED BY THE AUTHORIZED AGENT:**

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier:	
Name of Authorized Agent or Employee of Agent:	
Signature of Authorized Agent or Employee of Agent:	Date:
Printed name of Authorized Agent or Employee of Agent:	
Title or position of Authorized Agent or Employee of Agent:	
Telephone number of Authorized Agent or Employee of Agent:	
Study Area Code of Reporting Carrier:	Filing Due Date for this form:
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

REDACTED - FOR  
PUBLIC INSPECTION

CONFIDENTIAL FINANCIAL INFORMATION-SUBJECT  
TO PROTECTIVE ORDER IN WC DOCKET NOS. 10-90, 07-  
135, 05-337, 03-109, 14-58 CC DOCKET NO. 01-92, 96-45, GN  
DOCKET NO. 09-51, WT DOCKET NO. 10-208, BEFORE  
THE FEDERAL COMMUNICATIONS COMMISSION

15

## Attachments

## (200) Service Outage Reporting (Voice)

# Data Collection Form

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	290571
<015>	Study Area Name	MILLINGTON TEL CO
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	John Strode
<035>	Contact Telephone Number - Number of person identified in data line <030>	8703362345 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	John.Strode@RitterCommunications.com
<220>		

[illegible]





(710) Broadband Price Offerings  
Data Collection Form

FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010> Study Area Code  
<015> Study Area Name  
<020> Program Year  
<030> Contact Name - Person USAC should contact regarding this data  
<035> Contact Telephone Number - Number of person identified in data line <030>  
<039> Contact Email Address - Email Address of person identified in data line <030>

290571  
MILLINGTON TEL CO  
2016  
John Strode  
8703362345 ext.  
John.Strode@RitterCommunications.com

<a1>	<a2>	<b1>	<b2>	<c>	<d1>	<d2>	<d3>	<d4>
State	Exchange (ILEC)	Residential Rate	State Regulated Fees	Total Rates and Fees	Broadband Service - Download Speed (Mbps)	Broadband Service - Upload Speed (Mbps)	Usage Allowance (GB)	Usage Allowance Action Taken When Limit Reached {select}
TN	Drummonds	69.95	0.0	69.95	15.0	2.0	999999.0	Other, Not applicable
TN	Drummonds	59.95	0.0	59.95	3.0	0.5	999999.0	Other, Not applicable
TN	Drummonds	59.95	0.0	59.95	8.0	1.0	999999.0	Other, Not applicable
TN	Drummonds	69.95	0.0	69.95	15.0	2.0	999999.0	Other, Not applicable
TN	Drummonds	79.95	0.0	79.95	30.0	2.0	999999.0	Other, Not applicable
TN	Drummonds	59.95	0.0	59.95	0.8	1.0	999999.0	Other, Not applicable
TN	Drummonds	89.95	0.0	89.95	50.0	10.0	999999.0	Other, Not applicable
TN	Mason	69.95	0.0	69.95	15.0	2.0	999999.0	Other, Not applicable
TN	Mason	59.95	0.0	59.95	3.0	0.5	999999.0	Other, Not applicable
TN	Mason	59.95	0.0	59.95	8.0	1.0	999999.0	Other, Not applicable
TN	Mason	69.95	0.0	69.95	15.0	2.0	999999.0	Other, Not applicable
TN	Mason	79.95	0.0	79.95	30.0	2.0	999999.0	Other, Not applicable
TN	Mason	59.95	0.0	59.95	0.8	1.0	999999.0	Other, Not applicable
TN	Mason	89.95	0.0	89.95	50.0	10.0	999999.0	Other, Not applicable
TN	Millington	69.95	0.0	69.95	15.0	2.0	999999.0	Other, Not applicable
TN	Millington	59.95	0.0	59.95	3.0	0.5	999999.0	Other, Not applicable
TN	Millington	59.95	0.0	59.95	8.0	1.0	999999.0	Other, Not applicable
TN	Millington	69.95	0.0	69.95	15.0	2.0	999999.0	Other, Not applicable
TN	Millington	79.95	0.0	79.95	30.0	2.0	999999.0	Other, Not applicable
TN	Millington	59.95	0.0	59.95	0.8	1.0	999999.0	Other, Not applicable
TN	Millington	89.95	0.0	89.95	50.0	10.0	999999.0	Other, Not applicable

(710) Broadband Price Offerings  
Data Collection Form

FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

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290571  
MILLINGTON TEL CO  
2016  
John Strode  
8703362345 ext.  
John.Strode@RitterCommunications.com

<711>	<a1>	<a2>	<b1>	<b2>	<c>	<d1>	<d2>	<d3>	<d4>
	State	Exchange (ILEC)	Residential Rate	State Regulated Fees	Total Rates and Fees	Broadband Service - Download Speed (Mbps)	Broadband Service - Upload Speed (Mbps)	Usage Allowance (GB)	Usage Allowance Action Taken When Limit Reached {select}
	TN	Murford	69.95	0.0	69.95	15.0	2.0	999999.0	Other, Not applicable
	TN	Murford	59.95	0.0	59.95	3.0	0.5	999999.0	Other, Not applicable
	TN	Murford	59.95	0.0	59.95	8.0	1.0	999999.0	Other, Not applicable
	TN	Murford	69.95	0.0	69.95	15.0	2.0	999999.0	Other, Not applicable
	TN	Murford	79.95	0.0	79.95	30.0	2.0	999999.0	Other, Not applicable
	TN	Murford	59.95	0.0	59.95	0.8	1.0	999999.0	Other, Not applicable
	TN	Murford	89.95	0.0	89.95	50.0	10.0	999999.0	Other, Not applicable
	TN	Rosemark	69.95	0.0	69.95	15.0	2.0	999999.0	Other, Not applicable
	TN	Rosemark	59.95	0.0	59.95	3.0	0.5	999999.0	Other, Not applicable
	TN	Rosemark	59.95	0.0	59.95	8.0	1.0	999999.0	Other, Not applicable
	TN	Rosemark	69.95	0.0	69.95	15.0	2.0	999999.0	Other, Not applicable
	TN	Rosemark	79.95	0.0	79.95	30.0	2.0	999999.0	Other, Not applicable
	TN	Rosemark	59.95	0.0	59.95	0.8	1.0	999999.0	Other, Not applicable
	TN	Rosemark	89.95	0.0	89.95	50.0	10.0	999999.0	Other, Not applicable
	TN	Shelby Forest	69.95	0.0	69.95	15.0	2.0	999999.0	Other, Not applicable
	TN	Shelby Forest	59.95	0.0	59.95	3.0	0.5	999999.0	Other, Not applicable
	TN	Shelby Forest	59.95	0.0	59.95	8.0	1.0	999999.0	Other, Not applicable
	TN	Shelby Forest	69.95	0.0	69.95	15.0	2.0	999999.0	Other, Not applicable
	TN	Shelby Forest	79.95	0.0	79.95	30.0	2.0	999999.0	Other, Not applicable
	TN	Shelby Forest	59.95	0.0	59.95	0.8	1.0	999999.0	Other, Not applicable
	TN	Shelby Forest	89.95	0.0	89.95	50.0	10.0	999999.0	Other, Not applicable



**(800) Operating Companies  
Data Collection Form**

FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	290571
<015>	Study Area Name	MILLINGTON TEL CO
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	John Strode
<035>	Contact Telephone Number - Number of person identified in data line <030>	8703362345 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	John.Strode@RitterCommunications.com
<810>	Reporting Carrier	Millington Tel Co
<811>	Holding Company	E. Ritter Communications Holdings, Inc.
<812>	Operating Company	Millington Tel Co

[illegible]

## Attachments

**Five-Year Network Improvement Plan and Progress Report**  
**For Millington Telephone Company**

In its *USF/ICC Transformation Order* and subsequent Orders, the Federal Communications Commission (“FCC” or “Commission”) required Eligible Telecommunications Carriers (“ETCs”) to submit a five-year build-out plan in a manner consistent with Section 54.202(a)(1)(ii) of the Commission’s Rules by July 1, 2014 and to submit annual progress reports thereafter.<sup>1</sup> In its *March 5, 2013 Order*, the FCC specified that for rate-of-return carriers, the five-year plans “should describe the carrier’s network improvement plan, which should provide greater visibility into current plans to extend broadband service to unserved locations in rate-of-return service territories.”<sup>2</sup> Millington Telephone Company, Inc. (“Shortened Millington Telephone” or the “Company”) is a rate-of-return carrier ETC and hereby submits its annual progress report covering any progress made during the first half of 2015 on the initial five-year network improvement plan submitted in 2014 as well as any updates to the plan made since initial submission of the plan.

**I. The Company’s Five-Year Network Improvement Plan**

When the Commission adopted its five-year plan requirements for FCC-designated ETCs in its *2005 ETC Order*, it set forth the following criteria as to how the ETC is to describe with

<sup>1</sup> See *Connect America Fund; A National Broadband Plan for Our Future; Establishing Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support; Developing a Unified Intercarrier Compensation Regime; Federal-State Joint Board on Universal Service; Lifeline and Link-Up; Universal Service Reform—Mobility Fund*; WC Docket Nos. 10-90, 07-135, 05-337, 03-109, CC Docket Nos. 01-92, 96-45, GN Docket No. 09-51, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, FCC 11-61 (rel. Nov. 18, 2011) (*USF/ICC Transformation Order*) at Para. 587; *pets. for review denied, Direct Comm. Cedar Valley, et al v. FCC 11-161*, No. 11-9900 [www.ca10.uscourts.gov/opinions/11/11-9900.pdf](http://www.ca10.uscourts.gov/opinions/11/11-9900.pdf) (10th Cir. filed May 23, 2014); see also *Connect America Fund et al.*, WC Docket 10-90 *et al.*, Order, DA 12-147 (rel. Feb. 12, 2012) at Para. 5 (amending Section 54.313(a)(1) to clarify this requirement); *Connect America Fund et al.*, WC Docket 10-90 *et al.*, Third Order on Reconsideration, FCC 12-52 (rel. May 14, 2012) at Para. 10 (changing the filing deadline for the annual reports from April 1 to July 1); *Connect America Fund et al.*, WC Docket 10-90 *et al.*, Order, DA 13-332 (rel. Mar. 5, 2013) (“*March 5, 2013 Order*”) at Para’s. 4, 6-9. Delaying Five-year Plan until July 1, 2014 see WC Docket No. 10-90, Order, DA 13-1115, Para. 8 (released May 16, 2013).

<sup>2</sup> *March 5, 2013 Order* at Para. 9 citing Section 54.202(a)(1)(ii).

“specificity” the proposed improvements or upgrades to the ETC’s network throughout its service area:

(1) how signal quality, coverage, or capacity will improve due to the receipt of high-cost support throughout the area for which the ETC seeks designation; (2) the projected start date and completion date for each improvement and the estimated amount of investment for each project that is funded by high-cost support; (3) the specific geographic areas where the improvements will be made; and (4) the estimated population that will be served as a result of the improvements.<sup>3</sup>

In that order, the FCC clarified that service quality improvements in the five-year plan “do not necessarily require additional construction of network facilities.”<sup>4</sup> Accordingly, the improvements listed in the plan may be projects related to the expansion of the network (one or multiple services), projects related to updating technology to accommodate new services or higher bandwidth or maintenance projects, such as to reduce trouble reports or replace outdated equipment. Additionally, in some cases, the projects may be ones that improve or upgrade the entire network rather than discrete areas within a study area or they may be ones that are ongoing projects that have no specific start and completion dates.

The instructions to the Form 481 state “[r]ecipients may describe where improvements are expected to occur by wire center or census block, as appropriate. To the extent no improvements are planned in specific areas, the five-year plan should so indicate.”<sup>5</sup> The instructions also require that in subsequent annual progress reports, which must include the total amount of universal support received, this information must be provided “broken out separately by the amount spent on capital expenses and the amount spent on operating expenses.”<sup>6</sup>

<sup>3</sup> *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, FCC 05-46 (rel. Mar. 17, 2005) (“2005 ETC Order”).

<sup>4</sup> *Id.*

<sup>5</sup> Instructions for Completing FCC Form 481, OMB Control No. 3060-0986 (High-Cost), OMB Control No. 3060-0819 (Low-Income), July 2013, Line 112.



Accordingly, the Company's five-year plan separately provides both capital expenditures and operating expenses.

**A. The Company's Major Network Improvement Projects**

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**B. How These Projects Will Improve the Network**

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED].

**C. Estimated Capital Expenditures and Operating Expenses**

The first table in **Appendix B** included herein specifies the capital expenditures (projects) in **Appendix A**, by Part 32 account, along with the respective year in which the expenditures are expected to occur. In the second table of **Appendix B**, the projected operating expenses are provided, including depreciation expense for both embedded plant investment and for capital expenditures, which begins when the capital expenditures are projected to be placed into service.

**II. The Company's Progress Report on its Five-Year Network Improvement Plan**

<sup>6</sup> Instructions for Completing FCC Form 481, OMB Control No. 3060-0986 (High-Cost), OMB Control No. 3060-0819 (Low-Income), July 2013, Line 112.

<sup>7</sup> The initial five-year network improvement plan covered calendar years 2015 through 2019.

Because the calendar year 2015 is still under way, Millington Telephone has no progress to report on the network improvement projects planned for 2015. Comprehensive progress made on network improvements in 2015 will be reported by Millington Telephone in its 2016 ETC Annual Report. Millington Telephone hereby provides the following required elements of its progress report to satisfy Form 481 reporting obligations.

**A. The Amount of Universal Service Support Received by the Company**

[REDACTED]

[REDACTED]

[REDACTED]

**B. How Millington Telephone Company, Inc. Has Used USF to Improve Service Quality, Coverage and Capacity**

Section 254(e) of the Communications Act of 1934, as amended requires ETCs to use Universal Service support (“USF”) “only for the provision, maintenance, and upgrading of facilities and services for which the support is intended.”<sup>8</sup> Pursuant to Section 54.314 of the FCC’s rules, in order for state-designated ETCs to receive USF for the coming year, states must annually file certifications by October 1<sup>st</sup> stating that all federal high-cost support provided to such carriers within the state “was used in the preceding calendar year and will be used in the coming calendar year only for the provision, maintenance, and upgrading of facilities and services for which the support is intended.”<sup>9</sup> ETCs not designated by a state must file similar certifications with the FCC.<sup>10</sup>

<sup>8</sup> 47 U.S.C. § 254(e).

<sup>9</sup> 47 C.F.R. § 54.314(a).

<sup>10</sup> 47 C.F.R. § 54.314(b).

In its *USF/ICC Transformation Order*, the FCC clarified that prior to making the Section 254(e) certifications, states should conduct a “rigorous examination of the factual information” contained in the annual Section 54.313 reports, of which the five-year network improvement plan and annual progress reports are a part, in determining whether they can certify that carriers’ support has been used and will be used only for the purpose for which the support was intended.<sup>11</sup> The FCC said that it would also use the reports to verify certifications filed by ETCs that are not state-designated.<sup>12</sup> In this context, the Commission stated, “[i]n light of the public interest obligations we adopt in this Order, a key component of this [Section 254(e)] certification will now be that support is being used to maintain and extend modern networks capable of providing voice and broadband service.”<sup>13</sup>

Essentially, under the existing rules and processes, the federal USF received by the Company and other incumbent rural telephone companies are, in fact, an integral part of the recovery of expenditures of rural incumbent local exchange carriers incurred in the provision, maintenance and upgrading of their provision of facilities and services for which the USF is intended. Millington Telephone depends upon its receipt and utilization of federal universal service support to provide rural telephone customers with affordable and quality voice and broadband services.

Accordingly, given the critical role the network improvement plan as updated herein and the progress reports will have in the annual Section 254(e) certification process, Millington Telephone’s plan and progress reports demonstrate how the Company has used and will use USF not only for improvements and upgrades, but also for the provision and

<sup>11</sup> See *USF/ICC Transformation Order* at Para. 612.

<sup>12</sup> *Id.*

<sup>13</sup> *Id.* (emphasis supplied).

maintenance of the facilities and services to which the support was intended. Even though the FCC did not require the Company to include calendar year 2014 as part of the Company's network improvement plan and thus there is no information to report regarding progress during that year, the Company hereby certifies that during that year it used USF solely for which the support was intended.

**C. Maps Depicting the Company's Network Progress**

Attached to this Five-Year Network Improvement Plan as **Appendix C** is Millington Telephone's maps depicting the extent of the Company's network within its service area and indicating specific geographic areas by broadband deployment.

**D. Network Improvement Targets Not Met**

Because 2015 is the first year of the Company's network improvement plan, there is no previous year for which to report network improvement targets that have not been fulfilled. The Company will report such information for calendar year 2015 as well as progress towards meeting its targets for that year in its progress report submitted in 2016.

## APPENDIX A - PROJECT LIST FOR 2016-2019

APPENDIX A - PROJECT LIST FOR 2016-2019						
Project	Start Date	Completion	Areas	Population(1)	Total Dollars	Voice, Broadband, Both, etc.
						Part 32 Account
[REDACTED]	[REDACTED]	[REDACTED]			[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]			[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]			[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]			[REDACTED]	[REDACTED]
Totals					\$ 5,752,000	

(1) If population is unknown, please provide JSI with as much information as you can regarding area covered, such as zip codes, census blocks, municipality names, or simple hand-drawn maps with address/area markers, and JSI can assist with population estimates.

Study Area Code	290571
Study Area Name	MILLINGTON TELEPHONE COMPANY, INC.
Company Contact Name	JOHN STRODE
Contact Telephone Number	870.336.2345
Contact Email Address	<a href="mailto:John.Strode@RitterCommunications.com">John.Strode@RitterCommunications.com</a>

## APPENDIX B: 5-Year Proposed Capital Expenditures and Operating Expenses

(1) Use the chart below to break out the **regulated** portion of the cost/expense on a per-year basis. Please note that the 5-Year Plan should include **regulated plant/expenses only**.

[illegible]

Regulated Operating Expenditure (OpEx) Projections	
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<div> <div></div> <div></div> </div>	<div> <div></div> <div></div> <div></div> <div></div> </div>
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<div> <div></div> </div>	<div> <div></div> <div></div> <div></div> <div></div> </div>

Note: Cell K20, Total Projected CapEx, should equal Total from Project List (cell G42)

REDACTED - FOR  
PUBLIC INSPECTION

CONFIDENTIAL FINANCIAL INFORMATION-SUBJECT  
TO PROTECTIVE ORDER IN WC DOCKET NOS. 10-90, 07-  
133, 05-337, 03-109, 14-58 CC DOCKET NO. 01-92, 96-45, GN  
DOCKET NO. 09-51, WT DOCKET NO. 10-208, BEFORE  
THE FEDERAL COMMUNICATIONS COMMISSION

REDACTED - FOR  
PUBLIC INSPECTION

CONFIDENTIAL FINANCIAL INFORMATION-SUBJECT  
TO PROTECTIVE ORDER IN WC DOCKET NOS. 10-90, 07-  
138, 05-337, 03-109, 14-58 CC DOCKET NO. 01-92, 96-45, GN  
DOCKET NO. 09-51, WT DOCKET NO. 10-208, BEFORE  
THE FEDERAL COMMUNICATIONS COMMISSION



CONFIDENTIAL FINANCIAL INFORMATION-SUBJECT  
TO PROTECTIVE ORDER IN WC DOCKET NOS. 10-90, 07-  
135, 05-337, 03-109, 14-58 CC DOCKET NO. 01-92, 96-45, GN  
DOCKET NO. 09-51, WT DOCKET NO. 10-208, BEFORE  
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TO PROTECTIVE ORDER IN WC DOCKET NOS. 10-90, 07-  
135, 05-337, 03-109, 14-58 CC DOCKET NO. 01-92, 96-45, GN  
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DOCKET NO. 09-51, WT DOCKET NO. 10-208, BEFORE  
THE FEDERAL COMMUNICATIONS COMMISSION

CONFIDENTIAL FINANCIAL INFORMATION-SUBJECT  
TO PROTECTIVE ORDER IN WC DOCKET NOS. 10-90, 07-  
135, 05-337, 03-109, 14-58 CC DOCKET NO. 01-92, 96-45, GN  
DOCKET NO. 09-51, WT DOCKET NO. 10-208, BEFORE  
THE FEDERAL COMMUNICATIONS COMMISSION



CONFIDENTIAL FINANCIAL INFORMATION-SUBJECT  
TO PROTECTIVE ORDER IN WC DOCKET NOS. 10-90, 07-  
135, 05-337, 03-108, 14-58 CC DOCKET NO. 01-92, 96-45, GN  
DOCKET NO. 09-51, WT DOCKET NO. 10-208, BEFORE  
THE FEDERAL COMMUNICATIONS COMMISSION







REDACTED - FOR  
PUBLIC INSPECTION

CONFIDENTIAL FINANCIAL INFORMATION-SUBJECT  
TO PROTECTIVE ORDER IN WC DOCKET NOS. 10-90, 07-  
135, 05-337, 03-109, 14-58 CC DOCKET NO. 01-92, 96-45, GN  
DOCKET NO. 09-51, WT DOCKET NO. 10-208, BEFORE  
THE FEDERAL COMMUNICATIONS COMMISSION

OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

[illegible]

In establishing this certification in its *2005 ETC Order*,<sup>1</sup> the FCC found that an ETC must make “a specific commitment to objective measures to protect consumers.”<sup>2</sup> The Commission found that for wireless ETCs, compliance with CTIA’s Consumer Code for Wireless Service would satisfy this requirement” and that the sufficiency of other commitments would be considered on a case-by-case basis.<sup>3</sup> In this context, the FCC stated, “to the extent a wireline or wireless ETC applicant is subject to consumer protection obligations under state law. Compliance with such laws may meet our requirement.”<sup>4</sup>

Millington Telephone Company, Inc. (“Company”) hereby certifies that it is complying with applicable service quality standards and consumer protection rules. The Company is subject to consumer protection obligations under state law. These obligations include, but are not limited to, the following:

(1) filing a Local Exchange Tariff pursuant to the requirements of the Tennessee Regulatory Authority (TRA) which disclose rates, terms and conditions of service to customers;

(2) consumer protection requirements governing telephone providers which require adherence to TRA’s Regulations Governing Service supplied by Telephone Utilities set forth in Chapter 1220-4-2 Regulations for Telephone Companies. The basic

<sup>1</sup> *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, FCC 05-46 (rel. Mar. 17, 2005) (“*2005 ETC Order*”).

<sup>2</sup> *Id.* at para. 28.

<sup>3</sup> *Id.* The FCC noted that under the CTIA Consumer Code, wireless carriers agree to: “(1) disclose rates and terms of service to customers; (2) make available maps showing where service is generally available; (3) provide contract terms to customers and confirm changes in service; (4) allow a trial period for new service; (5) provide specific disclosures in advertising; (6) separately identify carrier charges from taxes on billing statements; (7) provide customers the right to terminate service for changes to contract terms; (8) provide ready access to customer service; (9) promptly respond to consumer inquiries and complaints received from government agencies; and (10) abide by policies for protection of consumer privacy.” *Id.* at n. 71.

<sup>4</sup> *Id.* at n. 72.

utility obligations include: (a) Each telephone utility shall provide telephone service to the public in its service area. (b) Each telephone utility has the obligation of continually reviewing its operations to assure the furnishing of adequate service.

(3) Where a telephone utility is generally operated in conjunction with any other enterprise, suitable records shall be maintained so that the results of the of the telephone operation may be determined upon reasonable notice and request by the Authority

(4) Business offices shall be so located and staffed that customers and the public will have convenient access to qualified personnel, including supervisory personnel where warranted, to answer questions relating to services and rates, accept and process applications for service, explain charges on customers' bills, adjust charges made in error and in general, represent the utility to the customer.

(a) Where one business office serves several communities toll-free calling to the business office from such communities shall be provided. By means of directory information or assistance, signs on company buildings and property, newspaper advertising or other methods necessary, the utility shall keep its customers and the public advised as to means of contacting the business office.

(b) Business office services will be available to the customers and the public during the normal hours of the normal work week, excluding holidays and at such other times as may be warranted by circumstances.

(c) It will be the responsibility of the utility to insure that qualified personnel, instructed to be courteous, considerate and efficient, are available to promptly serve those who contact the business office.

(d) The utility shall inform the customer of any service connection charge to be applied to his bill and the monthly charge for the service ordered, with the exception of business customers not requiring this information, prior to undertaking any action to furnish the service ordered. To customers inquiring about new service, the utility shall provide any information and assistance necessary to obtain service conforming to the customer's needs.

**Customer billing guidelines** are set forth in TRA regulation 1220-4-2-.10 include:

(1) Bills to customers shall be rendered regularly and shall contain a listing of all charges. Utilities shall comply with reasonable customer requests for an itemized statement of charges.

(2) In the event the customer's service is interrupted other than by negligence or willful act of the customer and it remains out of order in excess of twenty-four (24) hours after being reported, appropriate adjustments or refunds shall be made to the customer, upon the customer's request. The refund to the customer shall be the pro rata part of the month's charge for the period of days and that portion of the service and facilities rendered useless or inoperative. The refund may be accomplished by a credit on the subsequent bill for telephone service.

(3) A bill insert should be included in the first bill after the effective date of this rule informing the customer of his/her refund option. When new phone books are printed the Call-Guide will contain a customer refund section

TRA customer complaints are handled pursuant to TRA guidelines included in 1220-4-1-.13 and include:

- (a) A full and prompt investigation of all types of complaints made by its customers
- (b) If the use of service interferes unreasonably with the necessary use of the other customers, a customer may be required to take insufficient quantity of different class or grade
- (c) Each telephone utility shall within (10) working days, after receipt of a complaint forwarded by the Authority, file a written reply with the Authority.

In addition, the Company is subject to consumer protection obligations under state law relating to truth-in-billing requirements, CPNI, Red Flag Rules and other applicable federal and state requirements governing the protection of customers' privacy.

Millington Telephone Co., Inc. (The Company), hereby certifies that it is able to function in emergency situations as set forth in §54.202(a)(2).<sup>1</sup> The Company's network is designed to remain functional in emergency situations without an external power source, is able to reroute traffic around damaged facilities, and is capable of managing traffic spikes resulting from emergency situations as required by Section 54.202(a)(2). The Company can change call routing translations as needed to reroute traffic around damaged facilities. Changing call routing translations will also allow the Company to manage traffic spikes throughout its network, as emergency situations require.

Specifically, each central office building is supplied with standby generators and battery back-up that enable the central office to keep running until power is restored so long as fuel is available, or until system changes are made to reroute traffic. The Company has battery backup at all office locations and in its electronic equipment sites. Length of run time is determined by the equipment serving the area and the number of customers working out of the equipment. Generators are installed at all Central Office locations. They will continue to run as long as the Company has access to propane.

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<sup>1</sup> Section 54.202(a)(2) requires ETCs that are designated by the Commission to "demonstrate its ability to remain functional in emergency situations, including a demonstration that it has a reasonable amount of back-up power to ensure functionality without an external power source, is able to reroute traffic around damaged facilities, and is capable of managing traffic spikes resulting from emergency situations."





(710) Broadband Price Offerings  
Data Collection Form

FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010> Study Area Code  
<015> Study Area Name  
<020> Program Year  
<030> Contact Name - Person USAC should contact regarding this data  
<035> Contact Telephone Number - Number of person identified in data line <030>  
<039> Contact Email Address - Email Address of person identified in data line <030>

290571  
MILLINGTON TEL CO  
2016  
John Strode  
8703362345 ext.  
John.Strode@RitterCommunications.com

<a1>	<a2>	<b1>	<b2>	<c>	<d1>	<d2>	<d3>	<d4>
State	Exchange (ILEC)	Residential Rate	State Regulated Fees	Total Rates and Fees	Broadband Service - Download Speed (Mbps)	Broadband Service - Upload Speed (Mbps)	Usage Allowance (GB)	Usage Allowance Action Taken When Limit Reached {select}
TN	Drummonds	69.95	0.0	69.95	15.0	2.0	999999.0	Other, Not applicable
TN	Drummonds	59.95	0.0	59.95	3.0	0.5	999999.0	Other, Not applicable
TN	Drummonds	59.95	0.0	59.95	8.0	1.0	999999.0	Other, Not applicable
TN	Drummonds	69.95	0.0	69.95	15.0	2.0	999999.0	Other, Not applicable
TN	Drummonds	79.95	0.0	79.95	30.0	2.0	999999.0	Other, Not applicable
TN	Drummonds	59.95	0.0	59.95	0.8	1.0	999999.0	Other, Not applicable
TN	Drummonds	89.95	0.0	89.95	50.0	10.0	999999.0	Other, Not applicable
TN	Mason	69.95	0.0	69.95	15.0	2.0	999999.0	Other, Not applicable
TN	Mason	59.95	0.0	59.95	3.0	0.5	999999.0	Other, Not applicable
TN	Mason	59.95	0.0	59.95	8.0	1.0	999999.0	Other, Not applicable
TN	Mason	69.95	0.0	69.95	15.0	2.0	999999.0	Other, Not applicable
TN	Mason	79.95	0.0	79.95	30.0	2.0	999999.0	Other, Not applicable
TN	Mason	59.95	0.0	59.95	0.8	1.0	999999.0	Other, Not applicable
TN	Mason	89.95	0.0	89.95	50.0	10.0	999999.0	Other, Not applicable
TN	Millington	69.95	0.0	69.95	15.0	2.0	999999.0	Other, Not applicable
TN	Millington	59.95	0.0	59.95	3.0	0.5	999999.0	Other, Not applicable
TN	Millington	59.95	0.0	59.95	8.0	1.0	999999.0	Other, Not applicable
TN	Millington	69.95	0.0	69.95	15.0	2.0	999999.0	Other, Not applicable
TN	Millington	79.95	0.0	79.95	30.0	2.0	999999.0	Other, Not applicable
TN	Millington	59.95	0.0	59.95	0.8	1.0	999999.0	Other, Not applicable
TN	Millington	89.95	0.0	89.95	50.0	10.0	999999.0	Other, Not applicable

(710) Broadband Price Offerings  
Data Collection Form

FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010> Study Area Code  
<015> Study Area Name  
<020> Program Year  
<030> Contact Name - Person USAC should contact regarding this data  
<035> Contact Telephone Number - Number of person identified in data line <030>  
<039> Contact Email Address - Email Address of person identified in data line <030>

290571  
MILLINGTON TEL CO  
2016  
John Strode  
8703362345 ext.  
John.Strode@RitterCommunications.com

<711>	<a1>	<a2>	<b1>	<b2>	<c>	<d1>	<d2>	<d3>	<d4>
	State	Exchange (ILEC)	Residential Rate	State Regulated Fees	Total Rates and Fees	Broadband Service - Download Speed (Mbps)	Broadband Service - Upload Speed (Mbps)	Usage Allowance (GB)	Usage Allowance Action Taken When Limit Reached {select}
	TN	Munford	69.95	0.0	69.95	15.0	2.0	999999.0	Other, Not applicable
	TN	Munford	59.95	0.0	59.95	3.0	0.5	999999.0	Other, Not applicable
	TN	Munford	59.95	0.0	59.95	8.0	1.0	999999.0	Other, Not applicable
	TN	Munford	69.95	0.0	69.95	15.0	2.0	999999.0	Other, Not applicable
	TN	Munford	79.95	0.0	79.95	30.0	2.0	999999.0	Other, Not applicable
	TN	Munford	59.95	0.0	59.95	0.8	1.0	999999.0	Other, Not applicable
	TN	Munford	89.95	0.0	89.95	50.0	10.0	999999.0	Other, Not applicable
	TN	Rosemark	69.95	0.0	69.95	15.0	2.0	999999.0	Other, Not applicable
	TN	Rosemark	59.95	0.0	59.95	3.0	0.5	999999.0	Other, Not applicable
	TN	Rosemark	59.95	0.0	59.95	8.0	1.0	999999.0	Other, Not applicable
	TN	Rosemark	69.95	0.0	69.95	15.0	2.0	999999.0	Other, Not applicable
	TN	Rosemark	79.95	0.0	79.95	30.0	2.0	999999.0	Other, Not applicable
	TN	Rosemark	59.95	0.0	59.95	0.8	1.0	999999.0	Other, Not applicable
	TN	Rosemark	89.95	0.0	89.95	50.0	10.0	999999.0	Other, Not applicable
	TN	Shelby Forest	69.95	0.0	69.95	15.0	2.0	999999.0	Other, Not applicable
	TN	Shelby Forest	59.95	0.0	59.95	3.0	0.5	999999.0	Other, Not applicable
	TN	Shelby Forest	59.95	0.0	59.95	8.0	1.0	999999.0	Other, Not applicable
	TN	Shelby Forest	69.95	0.0	69.95	15.0	2.0	999999.0	Other, Not applicable
	TN	Shelby Forest	79.95	0.0	79.95	30.0	2.0	999999.0	Other, Not applicable
	TN	Shelby Forest	59.95	0.0	59.95	0.8	1.0	999999.0	Other, Not applicable
	TN	Shelby Forest	89.95	0.0	89.95	50.0	10.0	999999.0	Other, Not applicable

[illegible]

**(800) Operating Companies  
Data Collection Form**

FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010>	Study Area Code	290571
<015>	Study Area Name	MILLINGTON TEL CO
<020>	Program Year	2016
<030>	Contact Name - Person USAC should contact regarding this data	John Strode
<035>	Contact Telephone Number - Number of person identified in data line <030>	8703362345 ext..
<039>	Contact Email Address - Email Address of person identified in data line <030>	John.Strode@RitterCommunications.com
<810>	Reporting Carrier	Millington Tel Co
<811>	Holding Company	E. Ritter Communications Holdings, Inc.
<812>	Operating Company	Millington Tel Co

[illegible]

290571tn1010

Name: Millington Telephone Company, Inc.

SAC: 290571

SPIN: 143001634

LINE 1010 – VOICE SERVICE RATE COMPARABILITY

Millington Telephone Company, Inc.'s fixed voice service is \$13.15 which is below the urban floor rate of \$21.22. Therefore, Millington Telephone Company, Inc. 's fixed voice service is not more than two standard deviations above the national average.

MISCELLANEOUS SUPPORT PROGRAMS

TRA No. 1  
Section 8  
Original Page 11

8.3 Link-Up Tennessee

A. General

Link-up Tennessee is offered in all exchanges to provide subsidized assistance to qualifying applicants. It is intended to preserve and promote subscribership among low income households by providing a credit to the installation and connection charge applicable to the provisioning of residence service.

B. Regulations

1. Persons wishing to qualify for the credit must meet state certification criteria for eligibility. This credit is available only to residence customers, and will be applied to the non-recurring charges for the establishment of service for a single telephone line per household, at the principle place of residence.
2. The subscriber must not be a dependent for federal income tax purposes, unless the subscriber is more than sixty (60) years of age.
3. The subscriber must meet the requirements of a state established income test.

C. Rates and Charges

A non-recurring credit in the amount of one-half (maximum of \$30.00) of the installation and connection charges will be applied to the subscribers total non-recurring installation and connection charge.

8.4 In-Class Room Computer Access

A. General

With the exception of the monthly rates for In-Classroom Computer Access Service, Millington Telephone Co., Inc concurs in the rules, regulations, and connection charges governing the provision of this service (See BellSouth General Subscriber Tariff, Section A3.32, Pages 77 and 78). This shall include all free public libraries in any city, county, or town.

B. Regulations

**This service is for computer access only. It does not replace administrative business lines. Recurring charge includes touch tone conditioning. It does not include the FCC End User Charge or E-911 charges. These charges will be added to the monthly rate.**

C. Rates and Charges

Monthly rate for this service shall be: \$17.00

Moved from Section 4, 5<sup>th</sup> Revised Page 5 and 2<sup>nd</sup> Revised Page 6

ISSUED: November 18, 1999

EFFECTIVE: January 3, 2000

W. S. HOWARD, President

M

T

M  
N  
N

MILLINGTON TELEPHONE COMPANY INC  
GENERAL EXCHANGE TARIFF

MISCELLANEOUS SUPPORT PROGRAMS

TRA No. 1

Section 8

3<sup>rd</sup> Revised Page 12

Cancels 2<sup>nd</sup> Revised Page 12

8.5 Life Line Assistance Program

A. General

The LifeLine Assistance Program was designed to make telephone service available to eligible residential subscribers. The discounts apply to monthly recurring rates and qualifying residential customers. Discounts are applied to existing tariffed rates and charges for residential telephone service.

B. Regulations

1. LifeLine Service is available only with residential service, excluding foreign exchange service.
2. LifeLine Service is limited to one line per household at the customer's primary residence.
3. The federal and state credits are applied to the Local Service bills for qualified residential recipients of aid to Families with Dependent Children (AFDC) Supplemental Security Income (SSI), Food Stamps, Medicaid or to customer's with household total gross annual income at or below 125% of the federal poverty level.
4. Applications for this service will be verified with the state agency responsible for administration of the programs mentioned in the preceding No. 3.
5. The company will process all applications and apply the appropriate credit on the customer's monthly bill.
6. Customers of LifeLine Service must notify the Company of any changes that would affect qualification. Verification of eligibility will take place initially and at a minimum annually each year of service thereafter. When the customer is no longer eligible for LifeLine Service, the discount will be discontinued and regular tariff rates and charges would apply.
7. DDD Toll Restriction is offered at no charge to LifeLine customers. No deposit is required from a LifeLine customer if DDD Toll Restriction is added to their line.

C. Rates and Charges

Monthly Credit (maximum of one line per qualified customer)

1. A discount of **\$10.00** will be given as a Federal LifeLine Service credit, plus a state credit of \$3.50 for a total of **\$13.50** each month.
2. Non-recurring charges are the same as Link-Up Tennessee. See Section 8.3, Original Page 11.

C  
C

ISSUED: December 4, 2003

EFFECTIVE: July 1, 2003

W. S. HOWARD, President



**MILLINGTON TELEPHONE COMPANY, INC.**

Consolidated Financial Statements

December 31, 2014 and 2013

(With Independent Auditors' Report and  
Independent Auditors' Report on Internal Control and Compliance Thereon)



**KPMG LLP**  
Triad Centre III  
Suite 450  
6070 Poplar Avenue  
Memphis, TN 38119-3901

## **Independent Auditors' Report**

The Board of Directors and Shareholder  
Millington Telephone Company, Inc.:

We have audited the accompanying consolidated financial statements of Millington Telephone Company, Inc. and subsidiary (the Company), which comprise the consolidated balance sheets as of December 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive income (loss), stockholder's equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design implementation, and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the 2014 and 2013 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Millington Telephone Company, Inc. and subsidiary as of December 31, 2014 and 2013, and the results of their operations and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2015, on our consideration of the Company's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Company's internal control over financial reporting and compliance.

KPMG LLP

March 31, 2015

**MILLINGTON TELEPHONE COMPANY, INC.**

Consolidated Balance Sheets

December 31, 2014 and 2013

**Assets**

Current assets:

Cash  
Accounts receivable, net  
Receivable from RUS  
Materials and supplies  
Deferred income taxes  
Income taxes receivable from E. Ritter & Company  
Due from affiliates  
Other

Total current assets

Noncurrent assets:

Nonregulated assets

Total noncurrent assets

Telephone plant:

In-service  
Under construction

Total telephone plant

Less accumulated depreciation

Net telephone plant

**Liabilities and Stockholder's Equity**

Current liabilities:

Accounts payable  
Current maturities of long-term debt  
Due to affiliates  
Accrued expenses and other current liabilities

Total current liabilities

Long-term liabilities:

Deferred income taxes  
Other

Total long-term liabilities

Stockholder's equity:

Common stock, no par value; [REDACTED] shares authorized, issued and  
outstanding  
Retained earnings

Total stockholder's equity

See accompanying notes to consolidated financial statements.

**MILLINGTON TELEPHONE COMPANY, INC.**

Consolidated Statements of Operations

Years ended December 31, 2014 and 2013

Operating revenue:

Local service  
Network access  
Long distance  
Other  
Nonregulated sales

Total operating revenue

Operating expenses:

Plant operations  
Depreciation  
Customer operations  
Corporate operations  
Nonregulated expenses  
Taxes – other than income taxes

Total operating expenses

Operating loss

Other income (expense):

Interest income  
Interest expense  
Other

Total other income (expense), net

Loss before income taxes (benefit)

Provision for income taxes (benefit)

Net loss

\$

\$

See accompanying notes to consolidated financial statements.

**MILLINGTON TELEPHONE COMPANY, INC.**

Consolidated Statements of Comprehensive Income (Loss)

Years ended December 31, 2014 and 2013

Net loss

\$

Other comprehensive income, net of tax:

Defined benefit pension plan

Comprehensive income (loss)

\$

See accompanying notes to consolidated financial statements.

**MILLINGTON TELEPHONE COMPANY, INC.**

Consolidated Statements of Stockholder's Equity

Years ended December 31, 2014 and 2013

Balance at December 31, 2012

Net loss

Dividend to parent

Defined benefit pension plan, net of taxes

Defined benefit pension transfer to ERC

Balance at December 31, 2013

Net loss

Balance at December 31, 2014

See accompanying notes to consolidated financial statement



**MILLINGTON TELEPHONE COMPANY, INC.**

Consolidated Statements of Cash Flows

Years ended December 31, 2014 and 2013

Cash flows from operating activities:

Net loss

Adjustments to reconcile net loss to net cash provided by  
operating activities:

Noncash operating activities:

Depreciation of telephone plant and  
nonregulated property and equipment

Defined benefit pension plan

Provision for deferred income taxes

Uncollectible operating revenues

Loss on sale of investments

(Gain) loss on sale of property, plant and equipment

Changes in operating assets and liabilities:

Accounts receivable

Receivable from RUS

Materials and supplies

Other current assets

Due to/from affiliates

Income taxes

Accounts payable

Accrued expenses and other liabilities

Defined benefit pension plan contribution

Net cash provided by operating activities

Cash flows from investing activities:

Proceeds from the sale or maturity of investments

Proceeds from the sale of property, plant and equipment

Purchase of property, plant and equipment

Net cash used in investing activities

Cash flows from financing activities:

Payment of dividends

Proceeds from RUS loan

Payments on RUS loan

Net cash used in financing activities

Net decrease in cash

Cash:

Beginning of year

End of year

Supplemental cash flow disclosures:

Interest paid

Income taxes paid (refunded)

See accompanying notes to consolidated financial statements.



**(1) Organization and Summary of Significant Accounting Policies**

**(a) Organization**

Millington Telephone Company, Inc. (the Company) is a wholly owned subsidiary of E. Ritter Communications Holdings, Inc. (RCH or the Parent), which is a wholly owned subsidiary of E. Ritter & Company (ERC).

[REDACTED]

**(b) General Disclosure of Regulatory Matters**

The Company's telephone operations are regulated in nature and its telephone accounting records are maintained in accordance with the rules and regulations of the Tennessee Regulatory Authority (TRA), which substantially adhere to the rules and regulations of the Federal Communications Commission. The Company's regulated operations are subject to the provisions of Financial Accounting Standards Board Accounting Standards Codification (ASC) Topic 980, *Regulated Operations*. The Company's regulated operations are subject to the provisions of regulatory accounting under which actions by regulators can provide reasonable assurance of the recognition of an asset, reduce or eliminate the value of an asset and impose a liability on a regulated enterprise. Such regulatory assets and liabilities are required to be recorded and, accordingly, reflected in the balance sheet of an entity subject to regulatory accounting.

**(c) Consolidation**

These statements present the consolidated financial information of the Company and its wholly owned subsidiary, MTEL Long Distance, Inc. All intercompany accounts and transactions have been eliminated in the consolidated financial statements.

**(d) Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses, and disclosure of contingent assets and liabilities at the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results realized may differ from these estimates.

**(e) Cash Equivalents**

The Company considers all highly liquid short-term investments purchased with a maturity of three months or less to be cash equivalents.

**(f) *Accounts Receivable***

Accounts receivable are stated at the historical carrying amounts, net of write-offs and allowances for doubtful accounts. The allowance for doubtful accounts reflects the Company's best estimate of probable losses inherent in the Company's receivables determined on the basis of historical experience, market conditions, current trends and any specifically identified customer collection issues. Uncollectible accounts are written off when a settlement is reached for an amount that is less than the outstanding historical balance or when the Company has determined that collection of the balance is unlikely.

During 2014, the Company transferred billing and collections of certain of its accounts receivable to its parent. As of December 31, 2014, these receivables and the related allowances, and deferred tax assets for doubtful accounts are maintained by the Parent and recognized within due from affiliates on the Company's balance sheet. Any uncollectible accounts related to those balances will be charged back to the Company; such amounts are not estimated to be significant at December 31, 2014 or 2013.

**(g) *Materials and Supplies***

Inventories are valued at the lower of cost (determined using average cost method) or market, except for copper wire and fiber optic cable inventories, which are valued at the lower of cost (determined using specific-identification method) or market.

**(h) *Telephone Plant and Depreciation***

Telephone plant in-service is stated at original cost, including general overhead capitalized and an allowance for funds used during construction. For financial reporting purposes, the Company provides for depreciation using straight-line composite rates over the estimated useful lives of the assets for nonregulated property and mass asset accounting for regulated property. Telephone plant not subject to regulation is included in nonregulated property and equipment.

When regulated property is retired, the original cost, net of salvage, is charged against accumulated depreciation. The cost of maintenance and repairs of telephone plant, including the cost of replacing minor items not constituting substantial betterments, is charged to maintenance expense as incurred. When nonregulated property is retired, the cost of the property and the related accumulated depreciation are removed from the balance sheets, and any gain or loss on the transaction is recorded.

**(i) *Long-Lived Assets***

The Company reviews the carrying value of long-lived assets for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of the asset. The factors considered by the Company in performing this assessment include current operating results, trends and prospects, as well as the effects of obsolescence, demand, competition and other economic factors.

(j) ***Revenue Recognition – Network Access and Long-Distance Settlements***

Revenues are recognized when earned and are primarily derived from usage of the Company's local exchange networks and facilities. The Company accrues unbilled revenues earned from the date of the customers' last billing to the end of the accounting period. Certain toll and access service revenues are estimated under cost separation procedures that base revenues on current operating costs and investments in facilities to provide such services.

The Company also participates in revenue pooling arrangements with other local service providers. Such pools were funded by local interexchange carriers and other providers of telecommunications services. Settlements with these revenue pooling arrangements are subject to retroactive adjustments from the pool members. The impacts of these adjustments are recorded in the period in which they are reported to the applicable pool administrator. During 2014 and 2013, the Company recorded out-of-period pooling adjustments of [REDACTED] (increase to earnings) and \$0, respectively.

(k) ***Broadband Stimulus Grant***

In October 2010, the Company was awarded a [REDACTED] Broadband Initiative Program (BIP) loan and grant administered by the Rural Utilities Service (RUS) to extend its fiber optic network to certain rural areas in West Tennessee. Under the Loan/Grant and Security Agreement, 70% of the cost of the project was a grant, with the remaining cost funded by a long-term loan from RUS. As portions of the project were completed, the Company applied for funding from RUS based on the approved plan in the agreement. The grant money received for reimbursement of capital expenditures was accounted for as a deduction from the cost of the asset. The resulting balance sheet presentation reflects the 30% investment in the assets in property, plant and equipment. Depreciation is calculated and recorded based on the 30% investment.

	2014	2013
[REDACTED]		
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**(l) *Environmental Remediation Liability***

The Company accrues for losses associated with environmental obligations when such losses are probable and can be reasonably estimated. The carrying amount of these liabilities is regularly reviewed and adjusted for new facts. See note 9.

**(m) *Income Taxes***

Income taxes are accounted for using the asset and liability method. Deferred taxes are recognized for the tax consequences of temporary differences by applying enacted statutory rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. The Company is included in the ERC consolidated federal and state tax returns. Income tax expense is calculated on a separate return computational basis.

The Company recognizes tax positions which are more likely than not to be sustained. The Company has determined that it does not have any significant unrecognized tax benefits as of December 31, 2014 and 2013. Years ending on or after December 31, 2011 remain subject to examination by federal and state authorities.

**(n) *Fair Value of Assets and Liabilities***

The Company has estimated the fair value of its financial instruments using available market information or other appropriate valuation methodologies. Considerable judgment, however, is required in interpreting market data to develop certain estimates of fair value. Accordingly, certain estimates are not necessarily indicative of the amounts that the Company would realize in a current market exchange.

The carrying value of cash and cash equivalents, accounts receivable, receivable from RUS, accounts payable, accrued expenses, due from affiliates and due to affiliates approximates fair value because of the short maturity of those instruments.

**(o) *Defined Benefit Plan***

The funded status of the defined benefit pension plan (the Plan) is measured as the difference between the fair value of the Plan's assets and the projected benefit obligation (PBO) as of the consolidated balance sheet date. The unrecognized loss, prior service credit and transition asset existing at the time of adoption of the Financial Accounting Standards Board's (FASB) standard for pension accounting is included in accumulated other comprehensive loss. See note 7.

**(p) *Subsequent Events***

The Company has evaluated the effect subsequent events would have on the financial statements through March 31, 2015, which was the date the financial statements were available to be issued.

**(q) *Reclassifications***

Certain reclassifications have been made to the 2013 financial statements to conform to the 2014 presentation.

(2) **Telephone Plant**

Telephone plant in-service at December 31 is summarized as follows:

	<b>Estimated useful lives</b>	
Land	Indefinite	\$
Support assets	7–33	
Central office switching	8	
Central office transmission	8	
Originating/terminating assets	8	
Cable and wire facilities	20–33	
		\$

Depreciation expense for telephone plant was [REDACTED] 2014 and 2013, respectively. The provision, as a percentage of the average balance of telephone plant in service, was [REDACTED] 2014 and 2013, respectively. The Company periodically evaluates the depreciable lives of its property, plant and equipment and makes adjustments to its depreciation rates accordingly.

(3) **Nonregulated Operations**

Nonregulated assets, net at December 31 consist of the following:

	<b>Estimated useful lives</b>	
Property and equipment:		
Land	Indefinite	\$
Buildings and leasehold improvements	30–44	
Internet and security systems equipment	5–10	
Other	7–10	
Accumulated depreciation		
Inventory		
Other		
		\$

Nonregulated property and equipment is stated at original cost. Depreciation on nonregulated property and equipment is computed using the straight-line method for both financial reporting and income tax purposes.

Depreciation expense of the nonregulated property and equipment was [REDACTED] for 2014 and 2013, respectively.

Income from nonregulated operations is as follows:

Sales:

Data revenues	\$
Security systems	
Total sales	

Expenses:

Cost of sales	
Operating Expenses	
Depreciation Expense	
Total expenses	
Pretax income from nonregulated operations	\$



**(4) Long-Term Debt**

Long-term debt at December 31, 2013 consisted of [REDACTED] borrowed from the RUS under the Company's 2004 Loan Agreement among the Company, the United States of America, and the Rural Telephone Bank. The Loan Agreement was secured by all of the assets of the Company and contained loan covenants, including restrictions on dividends, reporting requirements, and certain operational requirements during the construction. The Company was in compliance with the loan covenants on December 31, 2013. At December 31, 2013, the remaining balance was reclassified as current maturities of long-term debt as the Company intended to repay the debt in full in 2014. This loan was paid off in 2014.

The RUS will have a retained security interest in the assets funded by the broadband stimulus grant over the economic life of the project (22 years). In the event of default of the terms of the agreement, the government could exercise the rights under the retained security interest to gain control and ownership of these assets.

**(5) Income Taxes**

The provision (benefit) for income taxes attributable to the Company's regulated and nonregulated activities is as follows:

Current:  
Federal  
State

Deferred:  
Federal  
State

Current:  
Federal  
State

Deferred:  
Federal  
State

The differences between the federal statutory rate and the Company's effective tax rate are as follows:

	2014	2013
Federal taxes at the statutory rate	\$ [REDACTED]	[REDACTED])
State income taxes – net of federal benefit	[REDACTED]	[REDACTED])
Nondeductible penalties and other	[REDACTED]	[REDACTED]
	\$ [REDACTED]	[REDACTED]

The tax effects of temporary differences that give rise to significant components of the Company's deferred income taxes at December 31, 2014 and 2013 are as follows:

\$

\$

\$

\$

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities (including the impact of available carryback and carryforward periods), projected future taxable income and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections of future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Company will realize the benefits of these deductible differences at December 31, 2014. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced.

## (6) Operating Leases

Rental expense under operating leases was [REDACTED] in 2014 and 2013, respectively. Future minimum lease payments under these leases are as follows:

[REDACTED]		(b) [REDACTED] [REDACTED]
[REDACTED]		[REDACTED]
[REDACTED]		[REDACTED]
[REDACTED]		[REDACTED]

---

(b) [REDACTED]  
[REDACTED]



(7) **Employee Benefit Plans**

***Defined Benefit Pension Plans***

Effective April 1, 2013, the Company froze its defined benefit pension plan (the MTC Plan) and employees of MTC became participants in the Retirement Plan for Employees of E. Ritter & Company and Corporate Subsidiaries (the ERC Plan). Pension benefits under the ERC Plan are based on an employee's years of credited service and compensation. As a result of the decision to freeze the plan, a remeasurement of the plan was performed and a curtailment gain was recognized within net periodic pension benefit cost. ERC's funding policy is to satisfy the funding requirements of the Employee Retirement Income Security Act of 1974 and to pass these costs to its subsidiaries (including the Company). Employees of MTC became participants in the ERC Plan effective January 1, 2013. Expense related to the ERC Plan was [REDACTED] in 2014 and 2013, respectively.

Prior to April 1, 2013, the Company sponsored a noncontributory defined benefit pension plan (the MTC Plan) covering substantially all its employees. Pension benefits were based on an employee's years of credited service and compensation during the last five years of employment. MTC Plan assets consisted primarily of interest-bearing cash, debt securities and equity securities. MTC's funding policy was to satisfy the funding requirements of the Employee Retirement Income and Security Act of 1974. Income related to the MTC Plan was [REDACTED] 2013.

At December 31, 2013, ERC parent paid the Company the after-tax book value of the Plan, \$34,524 and assumed the assets and liabilities of the Plan in conjunction with the merger of the MTC Plan into the ERC Plan. At that time, the book value of the MTC Plan was:

Plan assets	
Projected benefit obligations	
Unrecognized net loss	
	Net book value of Plan
Tax impact	
	After-tax book value



The following table presents a summary of plan assets, projected benefit obligation, funded status, and benefit activity of the Plan as of December 31:

Change in PBO:

At beginning of year, as restated

Service cost

Interest cost

Settlements

Benefits paid

Actuarial gain

Amendments

Transfer PBO to ERC

At end of year

Change in plan assets:

Fair value at beginning of year

Actual return

Employer contributions

Benefits paid

Acquisition loss

Transfer to ERC

Fair value at end of year

Funded status:

Funded status at the end of the year

Amounts not yet reflected in net periodic benefit cost and  
included in (AOCL):

Prior service credit

Accumulated loss

Transfer to ERC

AOCL

Cumulative employer contributions less than net  
benefit cost

Net amount recognized in consolidated balance  
sheet

Amounts not yet reflected in net periodic benefit cost and  
expected to be amortized in next year's net periodic  
benefit cost:

Prior service credit

Accumulated loss

Components of net periodic benefit cost:

Service cost  
Interest cost  
Recognition of prior service credit due to curtailment  
Settlement  
Expected return on plan assets  
Amortization of prior service credit  
Amortization of accumulated net loss  
  
Net periodic benefit cost

\$  
  
  
  
  
  
  
  
\$

Weighted average assumptions to determine benefit obligations:

Discount rate  
Rate of compensation increase  
Measurement date

Weighted average assumptions to determine net periodic pension cost:

Discount rate  
Expected long-term rate of return on plan assets during year  
Rate of compensation increase

Accumulated benefit obligation

\$

Information for pension plans with PBO in excess of plan assets:

PBO  
Fair value of plan assets

\$

Expected cash flow for the MTC Plan:

Expected return of assets to employer in next year  
Expected employer contributions for next year  
Expected benefit payments for year ending in:  
2014  
2015  
2016  
2017  
2018  
Next 5 years

\$

The assumptions above were used to develop the benefit obligations at fiscal year-end and to develop the net periodic benefit cost for 2013. Therefore, the assumptions used to determine net periodic benefit cost for the year were established at the end of the previous year, while the assumptions used to determine benefit obligations are established at year-end.

The net periodic benefit cost and the benefit obligations were based on actuarial assumptions that were reviewed on an annual basis. These assumptions were revised based on an annual evaluation of long-term trends, as well as market conditions that may have an impact on the cost of providing retirement benefits.

The expected rates of return on plan assets represent the Company's long-term assessment of return expectations, which may change based on shifts in economic and financial market conditions.

#### ***401(k) Plan***

Until November 30, 2013, MTC sponsored an employee savings plan under Section 401(k) of the Internal Revenue Code (the 401(k) Plan) covering substantially all full-time employees. Employees were allowed to elect to contribute a portion of their eligible pretax compensation up to certain limits as specified by the 401(k) Plan. MTC also made matching contributions at a rate of 100% of the first 6% of an employee's deferral. Expense related to the 401(k) plan was [REDACTED] during 2013.

Effective December 1, 2013, the Company participates with ERC and ERC's subsidiaries in an employee savings plan under Section 401(k) of the Internal Revenue Code (the 401(k) Plan) covering substantially all full-time employees. Employees may elect to contribute a portion of their eligible pretax compensation up to certain limits as specified by the 401(k) Plan. The Company also makes annual contributions to the 401(k) Plan. Expense related to this 401 (k) plan was [REDACTED] for 2014 and 2013, respectively, and is included in the allocation of employee costs from RCH.

#### **(8) Related-Party Transactions**

Significant portions of accounting and administrative services are provided to the Company by RCH and ERC. These services are primarily billed to the Company in the form of a management fee. Charges to the Company from affiliated entities are calculated based upon cost and a rate of return to provide such services as prescribed by the regulatory process. Charges for these services at December 31 are as follows:

	<u>2014</u>	<u>2013</u>
Operating expenses:		
Management fees – RCH	\$ [REDACTED]	[REDACTED]

During 2014, RCH completed its effort to expand its network and create synergies between its subsidiaries, resulting in an increase in shared equipment and resources. This change in infrastructure resulted in an increase in the amount of management fee expenses charged from RCH to the Company.

Receivables (payables) arising from related-party transactions at December 31, 2014 and 2013 are as follows:

	2014	2013
ERC	\$ 1,000	1,000
RCH	1,000	1,000)
Tri-County Telephone Company, Inc.	1,000	1,000)
E. Ritter Telephone Company	1,000	1,000
E. Ritter Communications, Inc.	1,000	1,000)
Ritter Cable Corporation	1,000	1,0006
Millington CATV, Inc.	1,000	1,000
	\$ 1,000	1,000)

## (9) Commitments and Contingencies

The Company reviewed several areas of environmental compliance and identified areas that required remediation. A reserve for environmental remediation in the amount of [REDACTED] was recorded as of December 31, 2013. These liabilities were fully remediated during 2014, and there is no liability accrued for environmental remediation at December 31, 2014.

## (10) Concentrations of Credit Risk

During 2014 and 2013, net revenue settlements received from the national Exchange Carriers Association represented [REDACTED] respectively, of total revenues. No other entity accounted for more than 10% of total revenues during 2014 and 2013.

The Company had receivables from the following entities representing more than 10% of total receivables at December 31:

	2014	2013
1. <b>Revenue</b>	100%	100%
2. <b>Cost of Sales</b>	60%	60%
3. <b>Gross Profit</b>	40%	40%
4. <b>Operating Expenses</b>	25%	25%
5. <b>Operating Income</b>	15%	15%
6. <b>Interest Expense</b>	2%	2%
7. <b>Income Before Taxes</b>	13%	13%
8. <b>Income Tax Expense</b>	3%	3%
9. <b>Net Income</b>	10%	10%



**KPMG LLP**  
Triad Centre III  
Suite 450  
6070 Poplar Avenue  
Memphis, TN 38119-3901

**Independent Auditors' Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements Performed  
in Accordance With *Government Auditing Standards***

The Board of Directors and Shareholder  
Millington Telephone Company, Inc.:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Millington Telephone Company, Inc. and subsidiary (the Company), which comprise the consolidated balance sheets as of December 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive income (loss), stockholder's equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 31, 2015.

**Internal Control over Financial Reporting**

In planning and performing our audits of the consolidated financial statements, we considered the Company's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Company's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Company's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Company's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

March 31, 2015



**KPMG LLP**  
Triad Centre III  
Suite 450  
6070 Poplar Avenue  
Memphis, TN 38119-3901

### **Independent Auditors' Report on Supplementary Information**

The Board of Directors and Shareholder  
Millington Telephone Company, Inc.:

We have audited the consolidated financial statements of Millington Telephone Company, Inc. and its subsidiary (the Company) as of and for the year ended December 31, 2014 and 2013, and have issued our report thereon dated March 31, 2015 which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary schedule is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

**KPMG LLP**

March 31, 2015



**MILLINGTON TELEPHONE COMPANY, INC.**  
Supplementary Consolidating Balance Sheet Schedule  
December 31, 2014

<b>Assets</b>	<b>Millington Telephone</b>	<b>Millington Long Distance</b>	<b>Eliminations</b>	<b>Consolidated</b>
Current assets:				
Cash				
Accounts receivable, net				
Receivable from RUS				
Materials and supplies				
Deferred income taxes				
Income taxes receivable from E. Ritter & Company				
Due from affiliates				
Other				
Total current assets				
Noncurrent assets:				
Investment in Millington Long Distance				
Nonregulated assets				
Total noncurrent assets				
Telephone plant:				
In-service				
Under construction				
Total telephone plant				
Less accumulated depreciation				
Net telephone plant				
<b>Liabilities and Stockholder's Equity</b>				
Current liabilities:				
Accounts payable				
Current maturities of long-term debt				
Due to affiliates				
Accrued expenses and other current liabilities				
Total current liabilities				
Long-term liabilities:				
Deferred income taxes				
Other				
Total long-term liabilities				
Stockholder's equity:				
Common stock, no par value; 10,000 shares authorized, issued and outstanding				
Retained earnings				
Total stockholder's equity				

**MILLINGTON TELEPHONE COMPANY, INC.**

Supplementary Consolidating Statements of Operations

Year ended December 31, 2014

	<u>Millington Telephone</u>	<u>Millington Long Distance</u>	<u>Consolidated</u>
Operating revenue:			
Local service			
Network access			
Long distance			
Other			
Nonregulated sales			
Total operating revenue			
Operating expenses:			
Plant operations			
Depreciation			
Customer operations			
Corporate operations			
Nonregulated expenses			
Taxes – other than income taxes			
Total operating expenses			
Operating income (loss)			
Other income (expense):			
Interest income			
Interest expense			
Other			
Total other income (expense), net			
Income (loss) before income taxes			
Provision for income taxes (benefit)			
Net income (loss)			

**MILLINGTON TELEPHONE COMPANY, INC.**

Consolidated Statements of Cash Flows

Year ended December 31, 2014

	<u>Millington Telephone</u>	<u>Millington Long Distance</u>	<u>Consolidated</u>
Cash flows from operating activities:			
Net income (loss)			
Adjustments to reconcile net loss to net cash provided by operating activities:			
Noncash operating activities:			
Depreciation of telephone plant and nonregulated property and equipment			
Defined benefit pension plan			
Provision for deferred income taxes			
Uncollectible operating revenues			
Loss on sale of investments			
(Gain) loss on sale of property, plant and equipment			
Changes in operating assets and liabilities:			
Accounts receivable			
Receivable from RUS			
Materials and supplies			
Other current assets			
Due to/from affiliates			
Income taxes			
Accounts payable			
Accrued expenses and other liabilities			
Defined benefit pension plan contribution			
Net cash provided by (used in) operating activities			
Cash flows from investing activities:			
Proceeds from the sale or maturity of investments			
Proceeds from the sale of property, plant and equipment			
Purchase of property, plant and equipment			
Net cash provided by (used in) investing activities			
Cash flows from financing activities:			
Payment of dividends			
Proceeds from RUS loan			
Payments on RUS loan			
Net cash used in financing activities			
Net decrease in cash			
Cash:			
Beginning of year			
End of year			
Supplemental cash flow disclosures:			
Interest paid			
Income taxes paid (refunded)			

**MILLINGTON TELEPHONE COMPANY, INC.**  
Supplementary Consolidating Balance Sheet Schedule  
December 31, 2013

<b>Assets</b>	<b>Millington Telephone</b>	<b>Millington Long Distance</b>	<b>Eliminations</b>	<b>Consolidated</b>
Current assets:				
Cash				
Accounts receivable, net				
Receivable from RUS				
Materials and supplies				
Deferred income taxes				
Income taxes receivable from E. Ritter & Company				
Due from affiliates				
Other				
Total current assets				
Noncurrent assets:				
Investment in Millington Long Distance				
Nonregulated property and equipment, net				
Total Investments				
Telephone plant:				
In-service				
Under construction				
Total telephone plant				
Less accumulated depreciation				
Net telephone plant				
<b>Liabilities and Stockholder's Equity</b>				
Current liabilities:				
Accounts payable				
Current maturities of long-term debt				
Due to affiliates				
Accrued expenses and other current liabilities				
Total current liabilities				
Long-term liabilities and deferred credits:				
Deferred income taxes				
Other				
Total long-term liabilities and deferred credits				
Stockholder's equity:				
Common stock, no par value; [REDACTED] shares authorized, issued and outstanding				
Retained earnings				
Total stockholder's equity				

**MILLINGTON TELEPHONE COMPANY, INC.**

Supplementary Consolidating Statements of Operations

Year ended December 31, 2013

	<u>Millington Telephone</u>	<u>Millington Long Distance</u>	<u>Consolidated</u>
Operating revenue:			
Local service			
Network access			
Long distance			
Other			
Nonregulated sales			
Total operating revenue			
Operating expenses:			
Plant operations			
Depreciation			
Customer operations			
Corporate operations			
Nonregulated expenses			
Taxes – other than income taxes			
Total operating expenses			
Operating income (loss)			
Other income (expense):			
Interest income			
Interest expense			
Other			
Total other income (expense), net			
Income (loss) before income taxes			
Provision for income taxes			
Net income (loss)			

**MILLINGTON TELEPHONE COMPANY, INC.**

Consolidated Statements of Cash Flows

Year ended December 31, 2013

	<u>Millington Telephone</u>	<u>Millington Long Distance</u>	<u>Consolidated</u>
Cash flows from operating activities:			
Net income (loss)			
Adjustments to reconcile net loss to net cash provided by operating activities:			
Noncash operating activities:			
Depreciation of telephone plant and nonregulated property and equipment			
Defined benefit pension plan			
Provision for deferred income taxes			
Uncollectible operating revenues			
(Gain) loss on sale of property, plant and equipment			
Changes in operating assets and liabilities:			
Accounts receivable			
Receivable from RUS			
Materials and supplies			
Other current assets			
Due to/from affiliates			
Income taxes			
Accounts payable			
Accrued expenses and other liabilities			
Defined benefit pension plan contribution			
Net cash provided by (used in) operating activities			
Cash flows from investing activities:			
Proceeds from the sale or maturity of investments			
Proceeds from the sale of property, plant and equipment			
Purchase of property, plant and equipment			
Net cash provided by (used in) investing activities			
Cash flows from financing activities:			
Payment of dividends			
Proceeds from RUS loan			
Payments on RUS loan			
Net cash used in financing activities			
Net decrease in cash			
Cash:			
Beginning of year			
End of year			
Supplemental cash flow disclosures:			
Interest paid			
Income taxes paid (refunded)			

**MILLINGTON TELEPHONE COMPANY, INC.**

Detail Schedule of Investments

December 31, 2014 and 2013

**Millington  
Long  
Distance**

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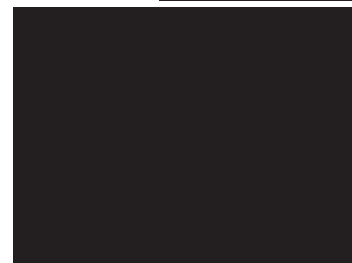
Original Investment:

Accumulated undistributed Income as of December 31, 2013

Book value of investment as of December 31, 2013

Undistributed income for 2014

Book value of investment as of December 31, 2014





**KPMG LLP**  
Triad Centre III  
Suite 450  
6070 Poplar Avenue  
Memphis, TN 38119-3901

### **Independent Auditors' Report on Compliance with Aspects of Contractual Agreements and Regulatory Requirements**

The Board of Directors and Shareholder  
Millington Telephone Company, Inc.:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Millington Telephone Company, Inc. and subsidiary (the Company), which comprise the consolidated balance sheet as of December 31, 2014, and the related consolidated statement of operations, comprehensive income (loss), stockholder's equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 31, 2015. In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2015, on our consideration of the Company's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. We have also issued our report dated March 31, 2015 on consolidating supplementary information to the consolidated financial statements. No reports other than reports referred to above related to our audit have been provided to management.

In connection with our audit, nothing came to our attention that caused us to believe that the Company failed to comply with the terms, covenants, provisions, or conditions of their loan, grant, and security instruments as set forth in 7 CFR Part 1773, *Policy on Audits of Rural Utilities Service Borrowers*, §1773.33 and clarified in the RUS policy memorandum dated February 7, 2014, insofar as they relate to accounting matters as enumerated below:

- Accounting procedures;
- Accumulating and recording labor, material, and overhead costs, and the distribution of these costs to construction, retirement, and maintenance or other expense accounts;
- Reconciling property records to the general ledger;
- Clearing construction accounts and accruing depreciation on completed construction;
- Recording the retirement of property;
- Seeking approval of the sale, lease or transfer of capital assets and disposition of proceeds for the sale or lease of plant, material, or scrap;
- Maintaining control over materials and supplies;
- Preparing Financial and Operating Reports;
- Obtain written approval of the RUS to enter into any contract, agreement, or lease with an affiliate as defined in §1773.33(e)(2)(i);





- Disclosing material related party transactions in the financial statements in accordance with accounting principles generally accepted in the United States of America; and
- Complying with the requirements for the detailed schedule of investments.

Our audit was not directed primarily toward obtaining knowledge of noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Company's noncompliance with the above-referenced terms, covenants, provisions, or conditions of the contractual agreements and regulatory requirements, insofar as they relate to accounting matters as enumerated above.

The purpose of this report on compliance with aspects of contractual agreements and regulatory requirements is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance based on the requirements of 7 CFR Part 1773, *Policy on Audits of Rural Utilities Service Borrowers*, as clarified in the RUS policy memorandum dated February 7, 2014. Accordingly, this report is not suitable for any other purpose.

KPMG LLP

March 31, 2015